

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

AN ADJUSTMENT OF ELECTRIC)	
RATES OF THE UNION LIGHT,)	CASE NO. 8509
HEAT AND POWER COMPANY)	

O R D E R

This is another case where this Commission's regulatory authority extends to the nickels and dimes and federal authority to the dollars. Only in the proceeding immediately before us we do not have jurisdiction even over the nickels and dimes. Union Light, Heat and Power Company (Union) in this Phase I of its application is simply asking that it be allowed to pass on to its customers the extra amount which it must pay for its electricity beginning June 15, 1982, by reason of the rate increase allowed to its supplier, Cincinnati Gas and Electric Company (CG&E), by the Federal Energy Regulatory Commission (FERC).

On May 24, 1982, Union filed with the Commission a notice of proposed adjustment in electric rates. The adjustment consists of two proposed rates, referred to as Phase I and Phase II.

On May 27, 1982, the Consumer Protection Division of the Attorney General's Office (A.G.) filed a motion to intervene and a response to Union's Phase I rate request. On June 2, 1982, Newport Steel Corporation (Newport) filed a motion to intervene. The Commission sustained both motions.

Union is a wholly-owned subsidiary of CG&E. Union has no electric generating capacity and purchases 100 percent of its requirements from CG&E pursuant to wholesale tariffs which are under the exclusive jurisdiction of the FERC. Since 1975 this Commission has expressed its opposition to the procedures followed by FERC wherein after only a one-day suspension it puts rates into effect subject to refund after a hearing. This Commission has intervened in the proceeding before FERC, but it must be noted that the amount of any refund will be determined by FERC and not by this Commission. Such refund will be passed on by CG&E to Union and through Union to its customers. However, until any refund is ordered by FERC Union must pay the entire amount of increase placed into effect by FERC on June 15, 1982. This order does nothing more than pass on the amount of that increase. The background facts are set out below.

On April 14, 1982, CG&E filed an application with the FERC for a two-phase rate increase in the wholesale electric rates charged to Union. This wholesale rate increase would result in an increase to Union's test year purchased power cost of approximately \$11,961,348 under Phase I and an additional \$3,292,302 under Phase II. As stated above, the Commission has intervened in this case on behalf of Union's Kentucky customers.

On June 9, 1982, Union filed a motion with the Commission requesting authorization to pass on to its customers subject to refund with interest its Phase I rates when and as allowed by

FERC. This motion tolled the 20-day statutory notice provision contained in KRS 278.180.

On June 11, 1982, the FERC suspended the Phase I rates for 1 day to become effective June 15, 1982, subject to refund, and suspended the Phase II rates for 5 months to become effective November 14, 1982.

On June 15, 1982, Newport filed a motion requesting oral argument prior to the Commission's authorization of Union's Phase I rates. In support of its motion, Newport alleged that Union's Phase I rates would result in an uneven method of revenue collection from its rate classes and questioned the Commission's authority to "automatically pass on Phase I rates."

Oral argument was held at the Commission's offices in Frankfort, Kentucky, with all parties of record participating. Both Newport and the A.G. argued that KRS 278.190 prohibited the Commission from authorizing Union's Phase I rates until an evidentiary hearing is held. The Commission finds no merit in this argument. Pursuant to KRS 278.180, the Commission has the authority to allow Union's Phase I rates to be placed into effect.

Newport also presented arguments alleging an uneven method of revenue collection from the rate classes and opposing the level of wholesale rates granted by the FERC. Although Newport's argument on revenue collection may have merit, the Commission must defer any ruling on this argument until the full evidentiary hearing is held. Newport's argument that the FERC wholesale rate

increase is excessive may also have merit, but since this Commission lacks jurisdiction over such wholesale rates, this argument must be presented to the FERC for its consideration.

Based upon the evidence of record and being advised, the Commission hereby finds that:

1. Union requested a two-phase rate increase to coincide with the implementation of a two-phase wholesale purchased power rate increase of its supplier, CG&E.

2. The FERC authorized CG&E to place into effect its Phase I wholesale rates charged to Union effective June 15, 1982.

3. Union's Phase I rates are designed to recover only increased purchased power costs which have been authorized by FERC.

4. Union's Phase II rates include costs other than purchased power costs, and a hearing is necessary to determine their reasonableness.

5. There is no evidence of record to support a decision on Newport's motion on revenue collection issues.

6. Newport should be afforded a full evidentiary hearing to support its motion.

7. Union's Phase I rates in Appendix A should be effective, subject to refund with interest, on June 15, 1982.

IT IS THEREFORE ORDERED that Union's Phase I rates be and they hereby are effective, subject to refund with interest, on June 15, 1982.

IT IS FURTHER ORDERED that Union's Phase II rates be and they hereby are suspended for a period of 5 months beyond the time when they would otherwise go into effect.

IT IS FURTHER ORDERED that a hearing will be held to afford all parties an opportunity to present evidence on issues of revenue collection and rate design.

Done at Frankfort, Kentucky this 21st day of June, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Vohy
Chairman

Katherine Randall
Vice Chairman

Len Carver
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 8509 DATED JUNE 21, 1982.

The following rates and charges are prescribed for the customers in the area served by Union Light, Heat and Power Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATE RS* (RESIDENTIAL SERVICE)

Net Monthly Bill

Computed in accordance with the following charges:

	<u>Summer</u>	<u>Winter</u>
Customer Charge per month	\$3.20	\$3.20
First 1,000 kilowatt hours	4.838¢ per kWh	4.838¢ per kWh
All kilowatt hours over 1,000 kilowatt hours	4.638¢ per kWh	3.666¢ per kWh

The minimum charge shall be the Customer Charge as stated above.

For purposes of administration of the above charges, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

RATE DS* (SERVICE AT DISTRIBUTION VOLTAGE)

Net Monthly Bill

Computed in accordance with the following charges (kilowatt of demand is abbreviated as kw and kilowatt hours are abbreviated as kWh):

Customer Charge per month	
Single Phase Service	\$ 5.00
Single and/or Three Phase Service	10.00
Primary Voltage Service @ 12.5 kv or 34.5 kv	100.00
Demand Charge	
First 15 kilowatts	\$ 0.00 per kw
Additional kilowatts	5.06 per kw
Energy Charge	
First 6,000 kWh	5.750¢ per kWh
Next 300 kWh/kw	3.301¢ per kWh
Additional kWh	2.750¢ per kWh

The minimum charge shall be the Customer Charge, as stated above, for single or three phase secondary voltage service and the Demand Charge for three hundred (300) kilowatts for primary voltage service customers.

Terms and Conditions

The term of contract shall be for a minimum period of three (3) years for secondary voltage service and five (5) years for primary voltage service.

The Company is not obligated to extend, expand or rearrange its transmission system if it determines that existing distribution and/or transmission facilities are of adequate capacity to serve the customer's load.

If the Company offers to provide the necessary facilities for transmission service, in accordance with its Service Regulations, an annual facilities charge, applicable to such additional facilities, is established at twenty (20) percent of actual cost. The annual facilities charge shall be billed in twelve monthly installments to be added to the demand charge.

For customers receiving service under the provisions of Rate C, Optional Rate for Churches, as of June 24, 1981, the maximum monthly rate per kilowatt hour shall not exceed 9.257 cents per kilowatt hour plus the applicable fuel adjustment charge.

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Public Service Commission of Kentucky, and to Company's Service Regulations currently in effect, as filed with the Public Service Commission of Kentucky.

RATE TS*
(SERVICE AT TRANSMISSION VOLTAGE)

Net Monthly Bill

Computed in accordance with the following charges (kilovolt amperes are abbreviated as kVA; kilowatt hours are abbreviated as kWh):

Customer Charge per month	\$500.00
Demand Charge All kVA	\$3.92 per kVA
Energy Charge First 300 kWh/kVA	2.938¢ per kWh
Additional kWh	2.628¢ per kWh

The minimum charge shall be not less than fifty (50) percent of the highest demand charge established during the preceding eleven (11) months.

RATE SP*
(SEASONAL SPORTS SERVICE)

Net Monthly Bill

Computed in accordance with the following charges:

Customer Charge per month	\$5.00
Energy Charge All kilowatt hours	6.870¢ per kWh

The minimum charge shall be a sum equal to 1-1/2% of Company's installed cost of transformers and metering equipment required to supply and measure service, but not less than the customer charge whether service is on or disconnected.

Terms and Conditions

The term of contract shall be for a minimum period of one (1) year terminable thereafter on thirty (30) days written notice by either the customer or the Company.

The supplying and billing for service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission.

RATE EH*
(OPTIONAL RATE FOR ELECTRIC SPACE HEATING)

Net Monthly Bill

Computed in accordance with the following charges:

Customer Charge per month	
Single Phase Service	\$ 5.00
Three Phase Service	10.00
Primary Voltage Service	100.00

Energy Charge - Winter period:	
All kilowatt hours	4.004¢ per kWh

Energy Charge - Summer period:
For energy used during the summer period, the kilowatt demand and kilowatt hour use shall be billed in accordance with the provisions of Rate DS.

The minimum charge shall be the Customer Charge as stated above.

For purposes of administration of the above charges, the summer period is defined as that period represented by the Company's billing for the four (4) revenue months of June through September. The winter period is defined as that period represented by the Company's billing for the eight (8) revenue months of January through May and October through December.

RATE POL*
(PRIVATE OUTDOOR LIGHTING SERVICE)

Net Monthly Bill

The following monthly charge for each lamp with luminaire, controlled automatically, mounted on a utility pole, as specified by the Company, with a span of wire not to exceed 120 feet, will be assessed:

	<u>kW/Luminaire</u>	<u>kWh</u>	<u>Rate/kWh</u>
7,000 Lumen Mercury, Open Refractor	0.203	70	8.532¢
7,000 Lumen Mercury, Enclosed Refractor	0.190	66	11.876¢
10,000 Lumen Mercury, Enclosed Refractor	0.271	93	9.650¢
21,000 Lumen Mercury, Enclosed Refractor	0.437	151	7.803¢

Additional facilities, if needed, will be billed at the time of installation.

The following monthly charges, for existing facilities, will be assessed but this unit will not be offered to any new customer after May 15, 1973:

	<u>kW/Luminaire</u>	<u>kWh</u>	<u>Rate/kWh</u>
2,500 Lumen Mercury, Open Refractor	0.109	38	14.642¢
2,500 Lumen Mercury, Enclosed Refractor	0.109	38	20.225¢

Service Regulations

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

RATE URD* (UNDERGROUND STREET LIGHTING)

Net Monthly Bill

The following monthly charge for each lamp with luminaire, controlled automatically, with an underground service wire not to exceed 35 feet from the service point, will be assessed:

	<u>kW/Luminaire</u>	<u>kWh</u>	<u>Rate/kWh</u>
7,000 Lumen Mercury, Mounted on a 17-foot Plastic Pole	0.203	70	14.536¢
7,000 Lumen Mercury, Mounted on a 17-foot Wood Laminated Pole	0.203	70	14.536¢
7,000 Lumen Mercury, Mounted on a 30-foot Wood Pole	0.203	70	13.418¢

Additional facilities, if needed, will be billed at the time of installation.

Service Regulations

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

RATE FL*
(FLOOD LIGHTING)

Net Monthly Bill

The following monthly charge for each lamp with luminaire, controlled automatically, mounted on a utility pole, as specified by the Company, with a span of wire not to exceed 120 feet will be assessed:

	<u>kW/Luminaire</u>	<u>kWh</u>	<u>Rate/kWh</u>
21,000 Lumen Mercury	0.460	159	7.276¢
52,000 Lumen Mercury (35-foot wood pole)	1.102	380	5.080¢
52,000 Lumen Mercury (50-foot wood pole)	1.102	380	5.977¢
50,000 Lumen High Pressure Sodium	0.476	165	8.679¢

Additional facilities, if needed, will be billed at the time of installation.

Service Regulations

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

RATE SL*
(STREET LIGHTING SERVICE)

Net Monthly Bill

The following monthly charge for each lamp with luminaire, controlled automatically, will be assessed:

<u>Description</u>	<u>kW/Lum.</u>	<u>Rate/kWh</u>		
		<u>Existing Facilities</u>	<u>Additional Facilities</u>	<u>Additional Facilities</u>
			<u>Wood Pole(s)</u>	<u>Embedded Steel Pole</u>
Overhead Dist. Area:				
Incandescent				
1000 lumens (b)	.092	4.795¢	-	-
2500 lumens (b)	.189	7.454¢	-	-
Mercury Vapor				
2500 lumens	.109	12.542¢	-	-
7000 lumens	.190	7.476¢	12.278¢	23.508¢
10000 lumens	.271	6.273¢	9.650¢	17.513¢
21000 lumens	.425	4.996¢	7.170¢	-
Sodium Vapor				
9500 lumens	.117	15.414¢	-	-
22000 lumens	.246	9.010¢	-	-
50000 lumens	.471	6.632¢	8.838¢	-

Description	kW/Lum.	Rate/kWh Mounted On-Pole Type				
		30' Wood	28' Aluminum	27' Steel 11 Gauge	27' Steel 3 Gauge	Fac. Chg.(f)
Underground Dist. Area- Residential (only):						
Mercury Vapor						
7000 lumens	.210	11.876¢	14.283¢	24.700¢	25.502¢	.757¢
10000 lumens	.292	9.365¢	11.054¢	18.357¢	18.917¢	.537¢
21000 lumens	.460	6.927¢	-	12.658¢	13.017¢	.340¢
Sodium Vapor						
50000 lumens (c)	.471	8.838¢	-	-	-	.300¢
Decorative-Mercury						
Vapor, 7000 lumens						
Town & Country (d)	.208	12.341¢	-	-	-	.714¢
Holophane (e)	.210	13.102¢	-	-	-	.714¢

- (a) Where a street lighting unit is to be installed on a non-company owned pole on which the Company does not have an existing contract, an additional charge of \$3.15 per pole will be applicable.
- (b) New or replacement units are not offered by the Company.
- (c) Mounted on 40' wood pole.
- (d) Fixture mounted on 17' wood luminated pole.
- (e) Fixture mounted on 17' fiber glass pole.
- (f) For underground lights, \$0.50 per month shall be added to the price per month per street lighting unit for each increment of 25' of secondary wiring beyond the initial 25' from the pole.

Additional facilities, other than specified above, if required, will be billed at the time of installation.

Service Regulations

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

RATE TL* (TRAFFIC LIGHTING SERVICE)

Net Monthly Bill

Computed in accordance with the following charges:

All kilowatt hours at 3.824¢ per kilowatt hour.

Service Regulations

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to Company's Service Regulations currently in effect, as filed with the Kentucky Public Service Commission, as provided by law.

*The monthly kilowatt hour usage shall be subject to plus or minus an adjustment per kwh determined in accordance with the "Fuel Adjustment Clause."